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ENG 201

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3 April 2016

Health Insurance and Its Complex Language

Language is a complex being. There are millions of languages in the world and that is complex enough before adding in professional languages. Professional languages being the language or jargon used by individual professions that may not be understood by other professions. An example of this would be a chemist talking to an accountant about complex molecular reactions. The accountant is most likely not going to know what the chemist is talking about, just like the chemist would most likely not know what the accountant was talking about if they mentioned how to calculate depreciation of assets. Health insurance for most people is a concept like this. A lot of people do not quite know what all the language means so in turn they do not quite understand what health insurance is.

Health insurance is something that is used every day, all across the country and the world. There will always be sick people and those sick people are hopefully covered by health insurance. The health insurance allows people to go to the doctor and get regular check-ups or go in when they are sick with something as simple as a cold or something as complex as cancer, and they do not have to pay the whole bill. With health insurance some or all of the bill is picked up by the insurance company. How much of the bill is picked up is determined by the specific plan a person has. There are many plans with many components to the plan that determines how much a person will pay for any type of doctors visit.

Health insurance as a whole is a very important entity in our lives. Also with the passing of the Affordable Care Act everyone in the United States is required to have health insurance of some sort. Health insurance is simple terms is insurance that covers medical expenses of all kinds. Every insurance plan is different in what is paid out of pocket and what is covered by insurance. The out-of-pocket cost of health insurance can be divided into to categories: deductibles and copayments. Deductibles are the “amount the insured must first pay each year before benefits by the plan are payable” (Shi 201). Copayments are “the portion of total medical costs that the insured has to pay out of pocket each time health services are received” (Shi 201). Another area where the insured would have to pay out of pocket is the premium, which is “the amount charged by the insurer to insure against specified risks” (Shi 200). Premiums differ from copayments and deductibles because a premium is a set payment every month where copayments and deductibles are paid on usage of the health insurance.

Already with just those three terms thrown into the mix, health insurance language is complex. There are countless more terms that contribute to the complexity of health insurance language as well. Adding to this complexity there are different types of health insurance that one can be covered by. There is private and public health insurance. Private health insurance is health insurance that is obtained through an employer or bought by a person on their own. Public health insurance are programs like Medicare and Medicaid that to be a part of, one must meet specific qualifications. But that’s not it. There are also different types of plans that one can have. The most common are PPOs (preferred provider organizations) and HMOs (health maintenance organizations). PPOs are organizations that have preferred provider that becomes part of their network and the insured has the option of going to these in-network providers or they can go to an out-of-network provider, both in-network and out-of-network have different rates of coverage (Nordqvist). HMOs are a bit different. The insured in this case goes to the HMO medical providers for a set premium that covers them for many services including primary care (Nordqvist).

Is anyone confused yet? I know I was very confused about all of these possibilities of different health care plans and coverage and then I didn’t know what each term meant within the plans. The thing is, health insurance is now required for everyone and if the language revolving around health insurance is so confusing that people don’t know what they are choosing between and what they are paying for, that could lead to problems. Each person needs to know what the language means and needs to know what their money is buying them in coverage. In order to have everyone understand this we need to find where the major areas of confusion lie and what can be done to help.

Background and Secondary Research

Health insurance is commonly misinterpreted feat. Since health insurance has all to do with money people are very inclined to spend the least amount of money while still getting the best coverage that they can. Mccormack, Bann, Uhrig, Berkman, and Rudd in their article “Health Literacy for Older Adults” state that they take into consideration that “a person’s age, education, race and cultural background may influence their basic financial literacy, which may, in turn, affect their health-related numeracy” (228). They tie together the financial knowledge with the health knowledge which is a point that is not thought about much. If a person doesn’t have a basic financial understanding of what things cost and what they can afford then their knowledge of what they need when it comes to health insurance may be compromised. Sarah Kliff wrote an article for The Washington Post that also touched on this financial topic. She states that people really only want to know a few things: how much they will spend in a given year and if they will be able to continue to see their doctors (Kliff). Money is a big deal when it comes to health insurance and people are very concerned with how much they will actually have to spend a year. They are not as concerned with the individual costs of the premium, deductible and copayments as much as they are with how much all three will cost them in the year. Money drives people and they want to know what amount they will be paying and what their money is going to buy them.

Buying health insurance and finding the plan that works best for a person could be one of the hardest parts of the process. The plan that a person may need will change based on if they are single or married and if they have children or not because that will be more people on the insurance plan. Kliff outlines a plan that Massachusetts had to make buying health insurance easier. They came up with a program called Health Connector. The Health Connector is “an online portal where consumers could compare and purchase health insurance plans. The idea was to create something like an Expedia for health coverage…” (Kliff). Though this plan was well intentioned, health insurance is very complex and people were confused and did not understand well enough to make a decision. Mitch Rothschild, in an article on CNBC, stated that “people neither know how to chose their plans or manage their benefits.” Buying health insurance is only half the battle. Once a person buys their health insurance they have to know how to use it and how much they will have to pay for each doctors visit, which could also vary between doctors. All the variations of coverage between doctors and plans and providers, there is enough confusion to go around.

Health insurance is a separate monster from other types of insurance. Although, Discovery, a health insurer in South Africa has found a way to try to use methods from car insurance in health insurance (“Risk”). This design looks to evaluate a person’s health to determine a premium that they would pay for their health insurance instead of a blanket premium that applies to everyone of all shapes, sizes, and health status. This brings another potentially confusing aspect to health insurance but also a beneficial one. This is saying that if you are in better health then you will pay less for your health insurance and vise versa. Rothschild says “most Americans fly blind when they receive care – and no one is stepping up to help them.” This design would be something that would step up to help American people understand what kind of care they are getting and what their insurance cost will be in return.

Primary Research Methods and Findings

The research conducted for this paper was conducted through an anonymous survey and an interview with the Benefit Coordinator in the Human Resources Department of Central Michigan University. The survey questions can be found in Appendix A. The interview question can be found in Appendix B.

The survey results found results that I thought were interesting and pointing toward an average knowledge of health insurance language and its meaning. Of the 41 responses, 23 were individuals that had their own insurance. 57% were male and 43% were female. 61% responded 6 or higher on their level of health insurance expertise. The following questions were answered correctly by 95%, 79%, and 91% respectively. This group of people have their own health insurance that they pay for through their employer or otherwise and the majority of the respondents answered correctly to the questions probing their health insurance terminology knowledge. The remaining 18 responses were from those who were on others health insurance. 94% were female and 6% were male. Predictably the majority of this group answer a 5 or below on their level of health insurance expertise. Following that the remaining questions were answered with a 83%, 72%, and 56% correct rate respectively. This group of people are on others insurance, so either a parent or spouse and may not pay as much attention to the terminology of health insurance leading to the decrease in correct responses and lower confidence on health insurance knowledge.

The survey results gave insight into which population pays more attention and has more health insurance language knowledge. The population that has their own insurance has more knowledge than those on other people’s insurance. This result is expected because the people on their own insurance had to become as familiar as they could with the language in order to make an informed decision which plan they wanted and what they will pay out-of-pocket.

Discussion

Health insurance is vast topic that covers so many people across the country and the world. As shown in the previous pages, there is not a full understanding of health insurance language and what decision of plans and providers will work best for the money for each person. There are discrepancies in what the goals are when choosing a plan. Money is a major factor in the decision for most people, as it should be. But a full understanding of what coverage comes with the money is just as important.

Understanding what the money is going toward is one thing, understanding all the benefits that come with the plan chosen is another. Where a person’s insurance is accepted, what the copayments will be for different doctors visits and what the deductible will be is a very important factor. Deductibles are tricky things. Until a person hits the deductible they are responsible for most expenses though some are still covered and that would be detailed in the fine print of the plan chosen. Until a deductible is hit a person will be responsible for the entire or most of the cost of the procedure or medication that is needed or the doctors visit incurred.

I had a situation where even as someone who has a good knowledge of health insurance language was still confused on the situation. Epi-pens were prescribed by my doctor because I have a severe tree nut allergy. When I went to fill the script at CVS Pharmacy my total was over $1,500. I was stunned and left the pharmacy without my Epi-pens. Later we called the insurance company, Aetna, and asked them to explain why the total was so large for a life saving drug. They explained to us that of our $3,000 deductible only around $1,300 had been spent so because the deductible was not hit, we were responsible for the entire cost of the Epi-pens. There was however a $0 copay on the Epi-pens had the deductible been hit.

As someone who understands the language and the system I was still confused. It goes to show that anyone can be confused by health insurance and if you don’t have the basic knowledge there will be even more confusion. Ways to eradicate this confusion would be, classes for understanding health insurance language and programs offered by employers to help their employees understand and having people readily available for questions as they may come up.

Health insurance is a part of every day life. Everyone has to have health insurance and it is used by someone, somewhere every day. A basic knowledge should be just as much of a right as having health insurance in the first place. Having a plan that you don’t understand and can’t use properly because of it is no better than having no insurance at all. The language of health insurance is where to start with this confusion. With a basic knowledge of the language there will be at least a basic understanding, if not better, of health insurance and how to use it.

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Appendix A: Survey Questions

1. What is your gender
   1. Male
   2. Female
   3. Other
   4. Prefer not to answer
2. Do you have your own health insurance or are you on someone else’s plan? (i.e. parents, spouse, etc.)
   1. Own
   2. Other
3. Using any number from 0 to 10, where 0 is nothing and 10 is expert, what number would you use to rate your healthcare insurance terminology knowledge?
4. Which of the following statements regarding deductibles is true?
   1. Amount you pay before benefits of the insurance pays.
   2. Amount of benefits the insurance pays before you start to pay.
5. What does copayment mean?
   1. The amount charged by the insurer to insure against specified risks.
   2. The ratio of cost sharing between the insurance plan and the insured.
   3. The portion of total medical costs that the insured has to pay out of pocket each time health services are received.
6. If your deductible is $3,000 and have to have a surgery that costs $10,000, how much will you have to pay out of pocket?
   1. $0
   2. $3,000
   3. $10,000
   4. $7,000

Appendix B: Interview Questions

1. What would you say the general knowledge of health insurance is?
2. What would you say the most confusion come from?
3. What ways do you think that we can make it easier to understand?
4. How can we integrate that into everyday life or an education?
5. Do you think there should be an information health insurance meeting with employees before any employees are able to chose their plans? Why?
6. Do you think there should be a class that students have to take about health insurance or life skills?